# Crown Corporation

## Business Plan

for the fiscal year 2017-2018

### Waterfront Development Corporation

Waterfront Development

**Waterfront Development Corporation Limited - Business Plan**

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## MESSAGE FROM THE BOARD CHAIR & ACTING CEO

Our greatest natural advantage as a province is our place by the sea. It gives the world a reason to know us, to do business with us and to visit us. The extent to which we can harness this natural advantage will determine our future prosperity.

There is momentum in Nova Scotia with significant activity in several key sectors. Tourism in Nova Scotia had its best year on record and its third consecutive year of growth in 2016, and we know our visitors are drawn to our seacoast and all that it provides. Substantial investments announced this year in ocean research are reinforcing what is already a remarkable strength among our world-class post-secondary institutions and ocean technology start up community.

Waterfront Development is contributing to the province's innovation agenda through our work on projects like COVE (the Centre for Ocean Ventures and Entrepreneurship). The rise of innovation districts around the world provides inspiration for projects like COVE. Thoughtful planning, development and management of the infrastructure is important to create the conditions for collaboration and ideas sharing. This deliberate placemaking activity is central to the work that we do on all our waterfronts.

Tourism is a critical economic sector for Nova Scotia. Our properties are consistently among the most visited tourism destinations. In Halifax, the boardwalk has become a platform for small business, an ecosystem of entrepreneurialism and a tourism sector incubator. We welcomed more than 2.5 million people to the boardwalk last year. In Lunenburg, a UNESCO World Heritage site, the working waterfront has momentum, led by private sector businesses who honour traditional skills with innovative, forward looking applications.

And our waterfronts offer immense social value. Our work stewards these important properties in the public interest, ensuring public access to the water's edge in harmony with thoughtful development. Our culture is rooted in our place by the sea, and our ability to attract and retain residents is often linked to the vibrancy of our public places.

Our waterfronts are Nova Scotia's most visited destinations, they are centres of innovation, drivers of key economic sectors, and they are the heart of our communities. They attract people from around the world to Nova Scotia. How we develop these important assets to provide maximum social and economic benefit is what we think about every day at Waterfront Development.

Dale Godsoe
Chair of the Board

Jennifer Angel
Acting President & CEO

## OVERVIEW OF CROWN

### Mandate

Waterfront Development's purpose is to redevelop and revitalize the lands surrounding Halifax Harbour, Lunenburg Harbour, and any other lands designated by its shareholder, the Province of Nova Scotia.

### Mission

Waterfront Development harnesses the waterfront's potential by developing ideas, infrastructure, and experiences that stimulate business investment and community pride.

### Guiding Values

Waterfront Development is a provincial Crown corporation, carrying out a public mandate in a private-sector environment. In fulfilling our public obligations, we will exhibit the following values in addition to the compassion, courage, and initiative that characterizes past successes.

**Commitment:** We forge and sustain partnerships that generate positive economic and societal returns.

**Accountability:** We uphold the public's trust by ensuring access to the water's edge, fiscal accountability and involvement in the dialogue about waterfront development, and transparency with our plans.

**Flexibility:** We take the extra step to understand and champion business partners who share our values and vision for the waterfront.

**Excellence:** We are a strong and knowledgeable voice on economic development, planning and design, partnership models, and waterfront development.

**Foresight:** We generate for Nova Scotians a positive financial return to reinvest in a continuous upward spiral of waterfront opportunities.

**Sustainability:** We create the capacity for future waterfront uses and enjoyment by harmonizing our economic goals with environmental sustainability.

## CORE FUNCTION

Waterfront Development is responsible for approximately 120 acres of waterfront real estate in Dartmouth, Bedford, Lunenburg and Halifax as part of its mandate to redevelop and revitalize waterfront lands. Through our thoughtful planning, development and management of these strategic properties, we are proud to support the Government of Nova Scotia's focus on leveraging Nova Scotia's ocean proximity advantage to bring new, innovative private sector investment to grow the economy.

Waterfront Development develops waterfront properties with high potential to contribute to economic growth in key sectors. This work is central to the development of our most visited tourism destinations, it is contributing to the emergence of a vibrant ocean innovation district, it is a magnet for private sector investment and entrepreneurial activity, and it is a source of pride and identity in our community. By building on our ocean advantage, we are helping to create a distinctive global brand for our province that is attracting talent to our shores.

A foundational part of the redevelopment of waterfront lands is the planning work that we undertake. Our planning work is guided by core principles and involves substantial public engagement and community consultation. Through this approach, we aim to create places that reflect the unique character and vision of the local communities, as well as serve the broader economic development goals of the province.

Revitalization and redevelopment involves many projects which build and maintain waterfront infrastructure that provides visitors and citizens with public gathering spaces, amenities and platforms for small business to flourish.

Waterfront Development is responsible for the maintenance and repairs of this significant portfolio of waterfront real estate, including buildings and wharves and boardwalks. One of our greatest challenges remains the maintenance of our extensive infrastructure that sees heavy usage. Our public areas such as the harbourwalks, wharves, gathering places, and floating docks all require investment for their maintenance and enhancement. Waterfront Development strives to find the optimal balance on an annual basis between cost savings and preventive maintenance. Revenue generated from operations is reinvested in the waterfront - to finance numerous capital projects each year as well as maintenance and operations. These investments in the property are necessary to avoid a deteriorating asset base over time and ensure our waterfronts remain in good repair, reflecting their importance for Nova Scotia.

## ACTIVITIES IN SUPPORT OF CORE FUNCTION

The focus of our planning activities this year will be updating our master plans on the Dartmouth Cove, Halifax waterfront and Lunenburg.

Waterfront Development has several new and continuing projects as part of our mandate to redevelop waterfront lands. Of particular importance to Government's strategic focus on our ocean advantage is the development of COVE (The Centre for Ocean Ventures and Entrepreneurship). Waterfront Development, as a landlord of the former Coast Guard property, is a key player in this project. Together with the Departments of Business, Transportation and Infrastructure Renewal, and Labour and Advanced Education, Innovacorp, NSBI, Nova Scotia Community College and the Institute of Ocean Research Enterprise and with the support of the federal government, Waterfront Development has been working to develop this strategic project.

As owner of the property our involvement will continue well beyond the current design and construction phase. We look forward to COVE becoming a centre of innovation and commercialization in ocean technology and an important part of the revitalization of waterfront lands.

Continuing this year is the development of Queen's Marque on the Halifax Waterfront, a partnership between Waterfront Development and The Armour Group Limited ("AGL"). The projects represents a $200M private sector investment in the waterfront. Waterfront Development will continue to own the land and will enter into a long-term land lease with AGL who will pay rent. This model allows the Province to keep control of the land, ensuring there is a balance between private sector returns and the public interest. The development includes more than 75,000 sf of new public space, and continued public access along the boardwalk and to the water's edge.

The Cunard development on the Halifax Waterfront is expected to commence over the upcoming year. This residential / commercial development in partnership with Southwest Properties will contribute to revitalizing the south waterfront, which has recently seen the opening of Discovery Centre and the ongoing development of the Seaport. The project includes residential, ground floor retail and substantial high quality public space which Waterfront Development will construct and manage.

Revitalization occurs not only through large projects but through developments such as New Place, a small business cluster being constructed on the Halifax Waterfront. New Place includes vibrant culinary experiences, public amenities, washrooms, performance space and places to gather. This development will be ready by spring 2017 and will contribute to the animation and attractiveness of the waterfront for visitors and residents, as well as provide an important platform for entrepreneurs.

The Halifax waterfront is our most visited tourism destination. Providing public access to the water's edge, people, residents and visitors alike. More than 40 events were hosted on the waterfronts in 2016-17. And each year visitation increases, with more than 2.5 million visitors to the Halifax boardwalk last year. This year, to celebrate Canada 150, in partnership with Sail Training International and Rendez-vous Naval de Quebec, Waterfront Development is leading Rendez-Vous 2017 Tall Ships Regatta for Nova Scotia. This not only occurs in Halifax but in 10 other outports around the Province.

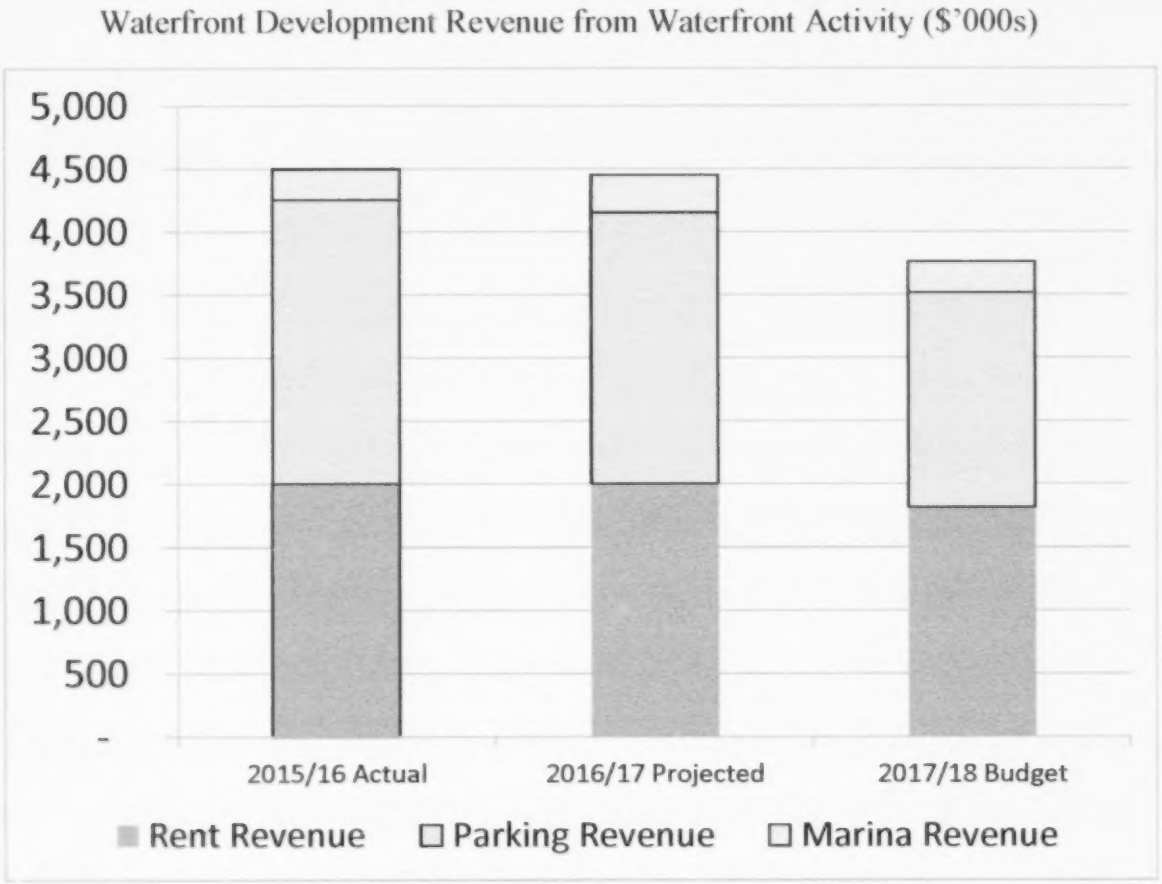
Lunenburg, a UNESCO World Heritage site, is among Nova Scotia's most visited destinations and Waterfront Development owns some of its waterfront. We work with the community on a steering committee and look forward to updating our Master plan for Lunenburg. The vision for a working waterfront has been clearly and steadfastly articulated by the community.

Our development model is through private sector partnerships. We consider financial self-sustainability in our actions to drive economic growth and prosperity through increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships. Waterfront Development will continue to create waterfronts that foster innovation and entrepreneurship and we will continue to plan and develop opportunities for businesses to grow and thrive. We work hard to manage our properties to a high standard and to ensure they are consistently clean, green and safe. And through this work we create waterfronts that attract people – to share ideas and experiences that contribute to our community pride.

## PERFORMANCE MEASURES

### *COMMERCIAL REVENUE*

An important part of revitalization of waterfront lands is their use by the private sector, generating economic activity and supporting entrepreneurialism, as well as adding activity and vibrancy to the public space. Revenue is an indicator of this use. It also reflects the level of activity by the public generally, through parking uptake and through commercial rents from tenants which in part reflect percentage of gross sales. Revenue is provided by both year round and seasonal tenants. Revenues are projected to decrease in 2017-18 due to lost parking revenue resulting from new development projects on the Halifax waterfront.

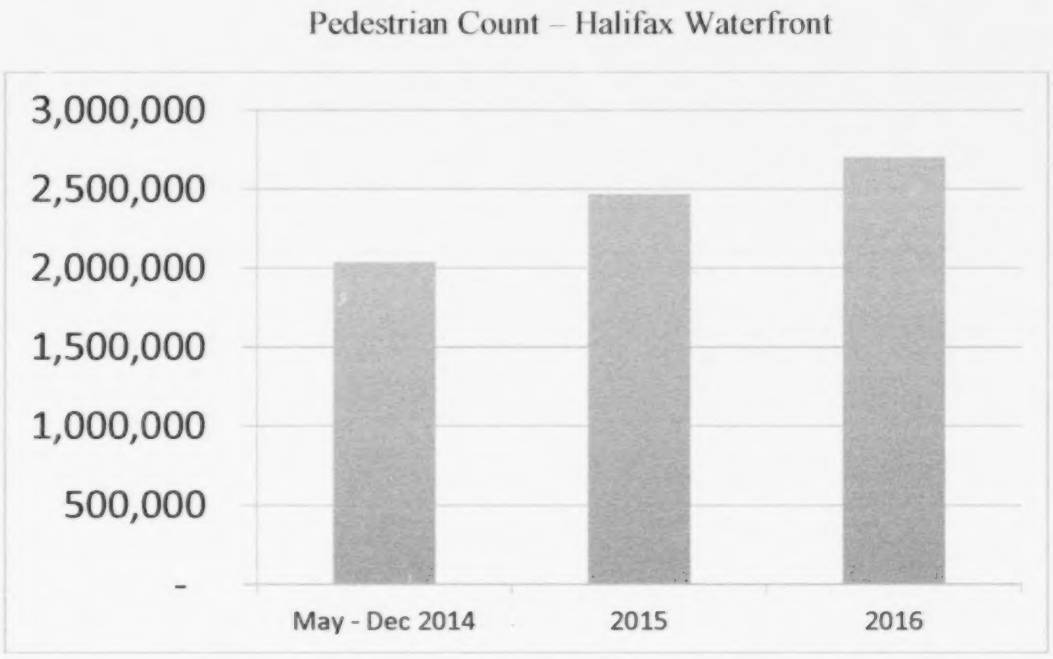


*VISITOR SATISFACTION*

A significant number of visitors come to the Halifax, Bedford, Dartmouth and Lunenburg waterfronts annually and the economic activities of these visits help to support both the local and provincial economies. Measurement of activity and quality of experience are critical feedback components of Waterfront Development's effort to continuously improve the waterfronts under our management. Moving forward, we will implement the following regular measures on each of the waterfronts:

- Pedestrian counts
- A satisfaction survey

Data will form a baseline for the business plan in future years.



## FINANCIAL SUMMARY/BUDGET CONTEXT

**Waterfront Development Corporation Limited Budget**

| | Budget 2016-17 ($) | Forecast 2016-17 ($) | Budget 2017-18 ($) |
|---|---|---|---|
| **Revenue**[1] | | | |
| Rents | 1,774,000 | 1,585,000 | 1,355,000 |
| Parking | 1,980,000 | 2,150,000 | 1,700,000 |
| Other income | 542,000 | 1,240,800 | 1,465,000 |
| Tall Ships | - | - | 1,500,000 |
| Grant Income | 633,000 | 1,490,800 | 2,447,000 |
| **Total revenue** | **4,929,000** | **6,466,600** | **8,467,000** |
| **Operating and Administrative expenses**[2] | | | |
| Program expenses | 695,000 | 2,016,800 | 3,290,000 |
| Maintenance/repairs and other | 1,107,000 | 1,131,600 | 1,142,000 |
| Administrative expenses | 3,127,000 | 2,683,400 | 3,060,000 |
| **Total expenses** | **4,929,000** | **5,831,800** | **7,492,000** |
| **Surplus (deficit) before other items** | - | **634,800** | **975,000** |
| **Other items** | | | |
| Capital amortization | (84,500) | (89,400) | (70,500) |
| Capital grants[3] | 1,500,000 | 3,650,000 | 18,126,000 |
| **Total Other Items** | **1,415,500** | **3,560,600** | **18,055,500** |
| **Surplus (deficit) after other** | **1,415,500** | **4,195,400** | **19,030,500** |

Notes:

1) Revenues – the increases in revenues is due to the Tall Ships Event scheduled for 2017, which includes revenues and a grant of $2.25 million including a federal component. Overall rent and parking revenues are down because of major construction projects on the Halifax Waterfront, which has eliminated parking lots. These reductions are offset by grants in the short term.

2) Program Expenses – there is an increase in these expenses of $2.25 million attributed to the Tall Ships event matching the revenues and grant income.

3) Capital grants – these grants relate to the significant capital projects COVE, Cunard and Queen's Marque, which continue in 2017/18.